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## Small Business Jobs Act of 2010

SBA Program Office

Newsroom

On Sept. 27, 2010, President Obama signed into law the Small Business Jobs Act, the most significant piece of small business legislation in over a decade. The new law will provide critical resources to help small businesses continue to drive economic recovery and create jobs. The new law extends the successful SBA enhanced loan provisions while offering billions more in lending support, tax cuts, and other opportunities for entrepreneurs and small business owners.

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FAQ

### The New Law Puts More Capital in the Hands of Entrepreneurs and Small Business Owners:

**SBA Enhanced Loan Provisions** – \$14 billion more in lending support

The law extends SBA loan provisions (with the 90% guarantee and reduced fees) through Dec. 31. The \$505 million in subsidy for Jobs Act loans will support about \$14 billion in overall small business lending. In the first week of the Jobs Act, SBA provided nearly 2,000 loans totaling nearly \$1 billion in lending support.

**Higher Loan Limits** — significantly increases maximum loan sizes in top loan programs

The law permanently increased 7(a) and 504 limits from \$2 million to \$5 million (for manufacturers in 504 loan program, up to \$5.5 million).

The law permanently increased microloan limits from \$35,000 to \$50,000, helping larger entrepreneurs with start-up costs and small business owners in underserved communities.

**Alternative Size Standards** — more small businesses eligible to get SBA loans

The law expanded the number of small businesses eligible for SBA loans by increasing the alternate size standard to those with less than \$15 million in net worth and \$5 million in average net income.

**Temporary Enhancements to Help with Working Capital, Commercial Real Estate Refinancing**

The law increased the maximum amount of SBA Express loans from \$350,000 to \$1 million (expires 9/27/2011).

In coming months, the law will allow some small businesses to refinance their owner-occupied commercial real estate mortgages into the 504 loan program (expires 9/27/2012).

**Dealer Floor Plan Pilot Extension, Expansion**

The pilot program (begun 2009) will be extended to 2013. Though the old pilot has expired, the new, larger pilot will be implemented in coming months. This will help small businesses owners who sell cars, RVs, boats, other titleable inventory.

**Small Business Intermediary Lending Pilot**

In six to twelve months, the law will provide for funding up to \$20 million per year in small business loans over the next three years for an intermediary-facilitated loan program targeting small businesses that need loans up to \$200,000.

### The New Law Strengthens Small Businesses' Ability to Compete for Contracts, Including Recommendations from the President's Task Force on Federal Contracting Opportunities for Small Business:

**Equal Treatment across Federal Contracting Programs**

The law reaffirms "parity" among federal small-business contracting programs. When awarding contracts that are set-aside for small businesses, contracting officers are free to choose among businesses owned by women and service-disabled veterans, as well as businesses participating in HUBZone and 8(a) programs.

**More Opportunities for Small Businesses**

The law will eliminate the "Competitiveness Demonstration" program, which limited opportunities for small contractors in 11 industries where they excel, such as construction, landscaping and pest control. This will build on the \$24 billion small businesses won in these industries in Fiscal Year 2009.

The law will give contracting officers the ability to reserve orders for small business participation on contracts with multiple awards using the Federal Supply Schedule (GSA Multiple Award Schedule). The law makes it harder for agencies to "bundle" contracts, a practice that makes it more difficult for small businesses to compete.

**Combating Fraud, Waste and Abuse**

The law will put in place a legal standing of "presumption of loss" when a business misrepresents its ownership status or size in winning a government contract. It allows the federal agency to claim a loss on the purchase, allowing those agencies, including the Department of Justice, to vigorously pursue fraudulent firms.

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The law will hold large prime contractors more accountable to their own subcontracting plans by requiring written justification when plans aren't met and when small business subcontractors aren't paid on time. This will help eliminate "bait-and-switch" tactics that occur when large primes – after winning the prime contract – don't follow through with their own plans to give subcontracts to small businesses.

#### **The New Law Promotes Small Business Exporting, Building on the President's National Export Initiative:**

##### **Export Express Pilot Becomes Permanent**

The law turns the Export Express pilot loan program into a permanent program with 90% guarantees for loans up to \$350,000 and 75% for loans between \$350,000 and \$500,000.

##### **State Trade and Export Promotion Grants Pilot**

In coming months, the law will provide \$90 million in competitive grants over next three years for states to help small business owners with exporting.

##### **Increased Staff and Strengthened Export Counseling Resources.**

#### **The Law Expands Training and Counseling:**

##### **Major Investment in Counseling and Training**

In coming months, the law will provide \$50 million in grants available to Small Business Development Centers.

##### **More Opportunities in Export Counseling (see above)**

#### **The New Law Provides \$12 Billion in Tax Relief to Help Small Businesses Invest in their Firms, Create Jobs:**

##### **Extension, Expansion of Tax Cuts — 8 Tax Cuts**

1. The highest small business expensing limit ever, of \$500,000
2. General business credits carried back five years
3. Accelerated/bonus depreciation
4. Zero capital gains taxes for those who invest in small businesses
5. Increased deductions for start-ups
6. Deductions for employer-provided cell phones
7. Deductions for health insurance costs for the self-employed
8. Limitations on penalties for errors in tax reporting that disproportionately affect small business

#### **Treasury Department Provisions**

##### **Small Business Lending Fund – \$30 billion**

The law will provide smaller community banks with low-cost capital (as low as 1%) if they go above and beyond 2009 small business lending levels.

##### **Establishes State Small Business Credit Initiative**

The law will provide up to \$1.5 billion to support state-run small business lending programs.